Canadian Vacation Travel Habits & the Impact of the Lower Canadian Dollar

Fall 2000

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Background

The Tourism Commission of Canada commissioned Starch Research Services through its Roper Reports Canada service to track and monitor what impact, if any, a lower Canadian dollar has had on Canadian vacation travelers habits and preferences on an on-going basis.

In addition to monitoring the impact of a lower dollar on Canadians' vacation travel habits and plans, the commission is interested in monitoring Canadians' general vacation travel habits [1](defined as two or more nights) within Canada and the United States, both for the previous twelve months and the up-coming twelve months.

Roper Reports Canada is a bi-annual syndicated research service that provides marketing and trending intelligence to a broad range of public and private sector clients. The service consists of a Spring and Fall wave which is conducted in-home among a representative sample of 1,200 Canadian adults, 18 years and over.

The Fall 2000 survey was conducted nationally by means of personal in-home interviews among 1,200 Canadian adults. The fieldwork was conducted between December 27, 2000 and February 23, 2001.

[1] *From Spring '95 through Spring '98 "vacation" was defined as three or more days away. This was changed to two or more nights effective with the Fall '98 survey.*

Executive Summary

Results of the Fall 2000 Roper Canada survey indicate continued strengthening of domestic vacation numbers over the past 12 months and a likelihood that this improved pace will be maintained in the coming year.

Vacation travel within Canada rose 9 percentage points from 39 per cent in the Fall of 1999 to 48 per cent in the current period. USA travel rose slightly year-over-year from 15 per cent to 18 per cent.

The low value of the Canadian dollar relative to the US dollar continues to be a major consideration for vacation planners. Nevertheless, only 43 per cent of Canadians believe that a domestic vacation is somewhat lower/much lower in cost than a USA holiday when the cost of travel is excluded.

Consumer confidence remains weak with only 28 per cent of respondents believing that now is a "good time to buy".

Vacation Travel Past 12 Months

- The 48 per cent domestic vacation number is a significant improvement from the record-low of 39 per cent in the Fall of 1999 and represents a return to more typical historical levels.
- The 18 per cent USA vacation number is up slightly but remains well below the high of 27 per cent recorded in the Spring of 1998.

Impact of Low Canadian Dollar

- 77 per cent of Canadians view the value of the dollar to be an important factor in their vacation planning.
- 55 per cent focus on this issue more than they did 2 years ago.
- Young Canadians in the 18-24 age range and seniors in the 65+ category are less concerned by the low value of the dollar.

Vacation Travel Next 12 Months

- 50 per cent of Canadians are planning a domestic vacation in the next 12 months.
- 15 per cent of respondents are planning USA vacation travel.
- Canadian tourism industry efforts to promote domestic travel are continuing to have a strong influence according to 46 per cent of respondents.

Vacation Trips of 2 or More Nights Within Past 12 Months Within Canada

Q. *Have you taken a vacation trip of two or more nights in the past 12 months (within Canada)?*

Figure 1

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
Yes	45	50	46	44	40	46	48	47	39	43	48
No	55	50	54	56	60	54	52	53	61	57	52

The number of Canadians who took domestic vacations rose from 39 per cent in the Fall of 1999 to 48 per cent in the Fall of 2000, a dramatic increase year-over-year but more typical of the results of earlier surveys.

Respondents in the 35-49 age group were the most active domestic vacationers at 86 per cent, or 10 percentage points above average. Those with household incomes under $50,000 and those with children under the age of 18 were also more likely to vacation within Canada.

From a regional perspective, Canadians in the Atlantic Provinces remained the most active domestic vacationers at 97 per cent, compared to a low of 65 per cent in Ontario.

Vacation Trips of 2 or More Nights Within Past 12 Months to the USA

Q. *Have you taken a vacation trip of two or more nights in the past 12 months (to the United States)?*

Figure 2

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
Yes	20	23	23	22	22	24	27	17	15	17	18
No	80	77	77	78	78	76	73	83	85	83	82

The number of Canadians who vacationed in the USA for 2 or more nights in the prior 12 months rose from 15 per cent in the Fall of 1999 to 18 per cent in the Fall of 2000. Nevertheless, USA travel remains well below the high of 27 per cent recorded in the Spring of 1998.

Older Canadians remain the most active USA vacationers with 42 per cent of respondents in
the 65+ age bracket venturing south, compared to the average of 29 per cent. Household income is a key factor with 36 per cent earning in excess of $50,000 annually and only 15 per cent earning less than $30,000. Those with children under the age of 18 years are less likely to vacation in the USA at 22 per cent.

Ontario residents were by far the most active USA vacationers at 37 per cent, compared to only 17 per cent for the Atlantic provinces. Florida remains the most popular vacation destination, followed by New York and California.

Impact of Lower Canadian Dollar on Out-of-Country Vacation Plans

Q. *How important a factor is the value of the Canadian dollar to the U.S. dollar in determining how, when and where you might spend your next vacation of two or more nights?*

Very Important	51%
Somewhat Important	26%
Not Very Important	11%
Not At All Important	12%
Total	100%

The value of the Canadian dollar relative to the US dollar continues to be a key driver for Canadians as they make their vacation plans. Of those surveyed, 77 per cent viewed it as very important or somewhat important, very similar to the results of the Spring 2000 and Fall 1999 surveys.

While the results are fairly uniform across demographic groups, Canadians in the 65+ age bracket are slightly less concerned than others.

Impact of Lower Canadian Dollar on Out-of-Country Vacation Plans – (Compared to 2 Years Ago)

Q. *Compared to two years ago, is the value of the Canadian dollar to the U.S. dollar more a factor, less a factor or makes no difference, in determining how, when and where you might spend your next vacation of two or more nights?*

More a factor	55%
Less a factor	5%
Makes no difference	40%
Total	100%

Canadians remain very concerned about the value of the Canadian dollar relative to the US dollar, with 55 per cent stating that it is more of a factor in making vacation plans than it was 2 years ago.

Younger Canadians in the 18-24 age bracket and seniors 65+ are more accepting of the reality of the lower Canadian dollar as they show higher responses in the "Makes no difference" category.

Likelihood of Vacationing Outside Canada as a Result of Lower Canadian Dollar

Q. *Because of the lower Canadian dollar, are you more likely or less likely to take a vacation outside of Canada in the near future?*

Figure 3

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
More likely	6	8	8	9	7	6	7	6	6	9	9
Less likely	60	51	54	38	42	40	50	57	57	52	51
No difference	34	41	38	53	52	54	43	37	37	38	40

Canadians continue to be consumed by the low value of the Canadian dollar in making vacation plans with 51 per cent less likely to take a vacation outside of Canada in the near future.

Married Canadians (56%) are far less likely to vacation outside of Canada than single people (46%). Those with older children are also most concerned by this issue. From a regional perspective, residents of Ontario and Quebec have lower levels of concern than other Canadians.

Likelihood of Vacationing Within Canada as a Result of Lower Canadian Dollar

Q. *Are you therefore more likely or less likely to vacation within Canada as a result of the lower Canadian dollar? (Asked of those who said they are less likely to travel outside Canada because of the lower dollar).*

Figure 4

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
More likely	71	72	71	70	77	64	70	79	80	84	86
Less likely	11	13	12	9	9	19	9	9	7	8	5
No difference	17	15	17	21	15	17	19	12	13	7	9

Canadians are more emphatic than ever that the low value of the Canadian dollar will spur them to vacation domestically with 86 per cent reporting that they are more likely to do so.

Results were very similar across demographic groups although young Canadians in the 18-24 range and those 65+ report slightly lower levels of concern about the dollar.

Residents of Manitoba/Saskatchewan and Alberta are the most likely to vacation within Canada (93%) compared to a low of 80 per cent in Quebec.

Changes in Out-of-Canada Travel Habits as a Result of Lower Canadian Dollar

Q. *As a result of the lower Canadian dollar, some vacation travellers have altered their out of Canada vacation travel habits while others continue to vacation as always. Would you please read over the items listed on the card and call off those items that might apply to you. (Asked of those who stated less likely/makes no difference to vacation outside of Canada because of the lower dollar).*

Figure 5

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
Take fewer trips	39	36	32	28	35	31	33	43	38	35	41
Continue to vacation as always	26	34	30	35	32	39	35	33	29	29	26
Stay for a shorter period of time	30	24	24	20	20	21	21	27	32	33	32
Look for cheaper ways to get there	25	23	26	23	22	22	23	26	30	27	26
Stay at less expensive places	28	27	26	23	24	25	23	25	32	30	28
Eat at less expensive restaurants	23	21	20	16	17	17	17	18	23	22	22
Other	6	9	10	6	7	10	7	4	7	6	5
Not stated	4	3	2	8	4	*	2	*	2	4	4

Canadians who still plan to take a vacation outside their home country indicate that they will adjust their travel habits given the low value of the Canadian dollar. Fewer trips and shorter stays are the most common adjustments, with only 26 per cent reporting that they plan to vacation as always.

Responses are quite consistent across the various demographic groups although Canadians over 65 are less likely to search for less expensive accommodations and those in the 18-24 range are less likely to take fewer trips.

Residents of Atlantic Canada are most likely to vacation as always while those in Manitoba/Saskatchewan are most likely to make dramatic changes to their vacation habits.

Future Vacation Travel Plans

Vacation Travel Plans in Next 12 Months Within Canada

Q. *Are you planning to take a vacation trip of two or more nights during the next twelve months within Canada?*

Figure 6

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
Yes	46	47	48	37	48	41	50	46	41	51	50
No	43	44	44	52	44	49	40	46	52	44	45
Maybe	11	9	8	11	8	10	10	8	7	5	5
Yes/Maybe	57	56	56	48	56	51	60	54	48	56	55

Canada vacation travel continues to be very popular with 50 per cent of respondents planning to take a domestic vacation trip of 2 or more nights in the next 12 months.

Middle and upper income Canadians are the most active domestic vacation planners as are those in the 35-49 age range. Married Canadians and those with children under the age of 18 are also looking to spend their vacation money within their own borders in the coming year. Residents of B.C. (64%) and Manitoba/Saskatchewan (63%) are most likely to vacation domestically, compared to 44 per cent for both Ontario and Quebec.

Canadians are still not convinced that a domestic vacation is cheaper than a USA holiday when travel costs are excluded: only 43 per cent believe that Canada is somewhat lower/much lower in cost while 29 per cent believe that Canada is about the same as the USA.

Efforts by the Canadian tourism industry to promote domestic travel are continuing to have a strong impact with 46 per cent of Canadians reporting that these offerings have enticed them, the same number as the Spring 2000 survey.

Vacation Travel Plans in Next 12 Months to the USA

Q. *Are you planning to take a vacation trip of two or more nights during the next twelve months to the United States?*

Figure 7

	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
Yes	15	18	19	20	18	19	18	14	16	15	15
No	73	69	73	70	72	69	72	76	78	80	78
Maybe	13	12	7	10	10	12	11	10	6	5	7
Yes/Maybe	28	30	26	30	28	31	29	24	22	20	22

The number of Canadians planning USA vacations rose marginally in the yes/maybe category from 20 per cent in the Spring of 2000 to 22 per cent in this survey, still well below the 31 per cent reported in the Fall of 1997.

Those in the $50,000+ household income bracket are more likely to travel to the USA at 28 per cent, versus 13 per cent of lower income respondents.

Florida continues to be the most popular destination of choice at 27 per cent, followed by New York at 18 per cent and California at 14 per cent.

Consumer Confidence

Q. *Considering both the availability and cost of things today, as well as your present financial circumstances, do you think now is a good time to buy the things you want and need, or a good time to wait, or is it someplace in between?*

Figure 8

%	Spring '95	Fall '95	Spring '96	Fall '96	Spring '97	Fall '97	Spring '98	Fall '98	Fall '99	Spring '00	Fall '00
Good time to buy	23	20	17	28	25	29	31	24	26	26	28
Good time to wait	40	43	48	34	39	34	31	39	33	31	34
Someplace in between	33	33	33	35	33	34	36	34	39	40	36
Don't know	3	4	2	3	3	3	2	3	2	3	2

Canadians consumer confidence remains shaky with only 28 per cent respondents believing that now is a "good time to buy". Older Canadians and those in higher income brackets are somewhat more optimistic than others.

Survey Methodology

Sample Size

A nationwide sample of 1,200 individuals 18 years of age and over was interviewed for Roper Reports by means of face to face interviews in respondents' homes between December 27, 2000 and February 23, 2001.

Universe Covered

The sample universe included all individuals 18 years of age and over living in Canada with the following exceptions.

1. The Yukon and Northwest Territories
2. Individuals residing in sparsely populated areas
3. All Indian Reservations
4. Inmates of institutions or members of the armed forces not living at home.

Sample Distribution

The total sample of 1,200 individuals was distributed among Canada's six regions: Atlantic Canada, Quebec, Ontario, Manitoba/Saskatchewan, Alberta and British Columbia.

Sample Selection Process

A multi stage stratified probability sample selection process is used for selecting interview locations. The chance of a community being included at each stage of the selection process is based on 1996 Census data.

Stage I - Selection of Communities

The first stage in the sample selection process is to classify communities on the basis of whether they constitute a Census Metropolitan Area or Census Agglomeration Area or not.

A Census Metropolitan Area is a large geographic population area having a population of at least 100,000 centered around an urban core. Census Agglomerations are similar to a CMA in terms of definition but have a population between 10,000 and 100,000.

Population areas defined as a CMA or CA are first stratified by population within each geographic region in descending order. The likelihood of choosing a CMA/CA is proportionate to its population relative to the region.

The likelihood of selecting a particular community (defined as a census sub-division) within a given CMA or CA is proportionate to its population relative to that of the entire CMA or CA.

Selected CMAs or CAs with census tracts are further stratified by population in descending order. The likelihood of choosing a particular census tract is proportionate to its population relative to that of the chosen CMA/CA sub-division for a selected CMA/CA.

Communities (defined as census sub-divisions) not belonging to a CMA or CA are stratified by population within each geographic region in descending order. The chances of selecting a particular census sub-division is dependent upon its population size relative to the geographic region to which it belongs.

Stage II - Selection of Primary Sampling Units

The primary sampling unit is the enumeration area. An enumeration area or EA generally ranges from a maximum of 375 households in larger community areas to a minimum of 125 households in smaller sized communities.

All EAs within a selected community (census sub-division or census tract) have an equal chance of being selected. Interviewers are to complete ten interviews for each EA assignment they receive.

A total of 120 enumeration areas were allotted for the survey; ninety-three were located within CMA/CA areas whereas twenty-seven were located in non CMA/CA areas.

Stage III - Selection of Households Within an EA

Interviewers are given a map of the area they are to interview. The area where interviewers must conduct all interviews is clearly marked. A start point indicated by an X is shown on each map. Interviewers must follow the assigned route that is outlined on the map.

A detailed set of instructions is provided to each interviewer as to how a household is to be selected for interviewing. Generally, interviewers are instructed to select every other household along the prescribed route they are to follow.

Stage IV - Selection of Individuals Within Households

An X pattern selection grid was used to determine who should be interviewed if more than one qualified household member is home at the time an interviewer calls. Only one interview per household is allowed.

Weighting And Sample Reliability

Survey results were balanced by age, gender and region to correspond to the Canadian adult population 18 years and over. Quebec results were further balanced by language spoken most often at home.

The margin of error for a probability sample of 1,200 interviews is ± 2.8 per cent 19 times out of 20.